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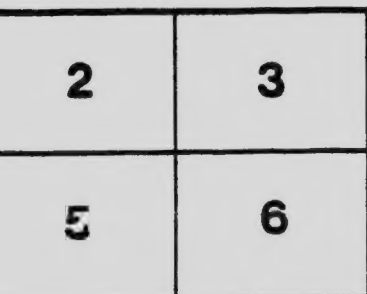
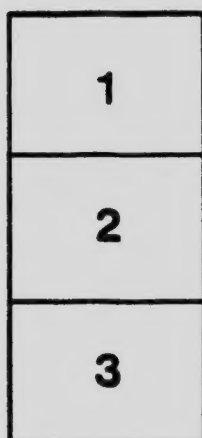
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Can. B.
Case No. 911

~~SOME REASONS~~

WHY A BILL ENTITLED

AN ACT TO AMEND THE
GOLD AND SILVER
MARKING ACT

SHOULD NOT BE
PASSED



ISSUED BY THE
MANUFACTURING JEWELLERS'
SECTION
OF THE
CANADIAN MANUFACTURERS'
ASSOCIATION
(Incorporated)

April, 1907

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TO THE MEMBERS OF
THE HOUSE OF COMMONS OF CANADA.

At the last session of Parliament an Act was passed respecting the sale and marking of manufactures of gold and silver, known as "The Gold and Silver Marking Act of 1926."

Reason for the Act

Prior to its passage there was no law governing the stamping of gold goods in this country. If a manufacturer felt so inclined, he could mark his goods 10, 14 or 18 karats when they were in reality one, two or more karats lower in fineness. He was not compelled to use a registered trade mark whereby responsibility could be traced to him in case of fraud. A few manufacturers did so of their own volition; their trade mark on an article indicated that they stood behind the stamp to guarantee its correctness. Many, however, did not follow this course and instances were by no means uncommon where fraud was deliberately practised for the purpose of unfair competition and reaping inordinate profits from the consumer.

Its Provisions

As a protection to the honest manufacturer, as well as to the consumer, an Act was passed providing that gold goods, when marked at all, should have three separate and distinct marks as follows:—

- (a) The trade mark of the manufacturer, registered in Canada.
- (b) A letter to indicate the period of time when the article was manufactured.
- (c) A mark truly indicating the quality of the gold in the article.

An exception was made in the case of the Hall-mark of Great Britain, and goods bearing the Government stamp of any foreign country, providing that the quality of these goods was not less than 10 karats.

Standards—American and English

This standard, viz., 10 karats is fixed by the Act as the lowest quality gold that can be made, stamped and offered for sale in Canada. It is the same as was adopted in the first Federal Act of the United States, passed about a year ago. For thirty years reputable manufacturers in both countries have been making nothing lower for the legitimate jewellery trade. Other standards in general use on this side of the Atlantic are 14 and 18 karats.

In England the Government has given recognition, through the Hall-mark of Goldsmith's Hall, to four standards, viz. 9, 12, 15 and 18 karats. Originally the Hall-mark was applied only to 22 karat goods. The regulations were subsequently amended from time to time, first to provide for 22 and 18 karat markings, then for 18 and 15 karat markings and finally after much opposition for 18, 15, 12 and 9 karat markings.

The English 9 Karat Standard

It was on December 11th, 1854 that this last amendment was adopted. It was strenuously opposed by the leading jewellery manufacturers of the United Kingdom until it was explained to them that it was only desired to meet the requirements of the cheap export trade of Birmingham. In a report made by the Secretary of the Goldsmiths' Hall Company of Great Britain, sent to the Canadian Manufacturers Association through Lord Strathcona, and now on file with the Government at Ottawa, is to be found the following statement.—

"The Goldsmiths' Hall Company of London advised against the introduction of this lower standard, and very little work of this standard is assayed at Goldsmiths Hall, London. A considerable quantity of small gold articles, of 15, 12 and 9 karat fineness are dealt with at the country offices."

Manufacturing jewellers in London make practically nothing but 15 and 18 karat goods, the quality demanded almost exclusively by English home consumers.

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The Proposed Amendment

A Bill is now before the House of Commons, introduced by Mr. Macpherson of Vancouver, amending last year's Act in such a way as to allow 9 karat gold, bearing the Hall-mark of Great Britain or the Government stamp of any foreign country, to be imported into Canada and offered for sale in this market. The manufacturing jewellers are almost unanimously opposed to the amendment for the following reasons,—

9 Karat Gold will not Wear

It has been found in actual wear that 9 karat gold is too low a quality to keep its color. Ten karat gold can be finished with a good polish; it will wear well and give good satisfaction. Nine karat gold on the other hand soon becomes tarnished. The experience of English manufacturers has been so uniform in this respect that they generally gild their 9 karat goods. This artificial finish however soon wears off, leaving the 9 karat gold showing through in reddish brown or copper colored patches.

No Hardship to British Manufacturer

The Act as it stands inflicts no hardship on the English manufacturer. He makes his cheap lines of jewellery almost wholly for export, and it is just as easy for him to change from 9 to 10 karat quality to conform with the Canadian law as it is for the Canadian manufacturer to change from 10 to 9 karat quality to conform with the English law. The English manufacturer has been treated more than generously under the Act. His Hall-marked goods are admitted to this market on exactly the same terms as goods of domestic manufacture, notwithstanding the fact that Canadian stamped goods would be unsalable in England. To develop a market in the United Kingdom the Canadian manufacturer must first send his goods over in the rough to be Hall-marked; then he must bring them back to be completed; and finally send them over a second time when they have been made ready for the market. It is quite obvious that such a proposition is impracticable, and it therefore becomes equally obvious that the English Hall-marking System affords the manufacturer of that country the best protection he could possibly have. When Canada admits every standard of Hall-marked goods over 9 karats without further marking, she is making a very liberal concession indeed to a country where public opinion almost universally demands the British Hall-mark.

A Serious Hardship to the Canadian Manufacturer

The amendment, if adopted, would do the Canadian manufacturer a marked injustice. It would sanction the importation of an article, the manufacture of which is absolutely prohibited in Canada. In other words, the market of this country so far as 9 karat gold is concerned would be made a close preserve for the benefit of the English manufacturer. Such a condition is surely intolerable.

A Tariff Grievance

Under the British preference the Canadian manufacturer of jewellery has a protection of 22½ per cent. Considering the advantages enjoyed by the Britisher in the way of cheap labor and free raw materials this protection is little enough. But if, as is now proposed, 9 karat goods are imported to compete with domestic 10 karat goods, the margin of protection to the local manufacturer will be materially lessened, for he will be compelled to put more value in the article he offers for sale than does his competitor.

Just what this difference amounts to is aptly illustrated by the trade catalogues now being distributed in Canada by English manufacturers. On the front page of a price list issued by a Birmingham house is a sticker stating that all designs of 9 karat goods listed therein can be supplied to the Canadian trade in 10 karat quality, at an advance of 7½ per cent. This statement is significant. It shows first that the English manufacturer is quite prepared to make goods that will conform with the new Canadian Act. It further shows that if Canada does not insist on his doing so, the duty against him will be lessened by 7½ per cent., making it 15 instead of 22½ on low grade goods.

The Injustice of Unstable Legislation

Believing that the Act would become operative in July next, manufacturing jewellers have recently been registering their trade marks. They have been making costly stamps for all classes of gold work and are now in full swing turning out for the fall trade goods that conform to the conditions imposed by the Act. Any change at this stage would be a serious loss and a manifest injustice to men who are relying on the stability of a Government measure and carrying out in good faith all the requirements defined therein.

A Popular Act

When the original bill was under debate a year ago it had the good fortune to commend itself to Members on both sides of the House, in the Commons as well as in the Senate. Supported almost unanimously by the manufacturing jewellers as well as by the retail trade, it was also received with favor by the general public, who welcomed an opportunity of seeing for themselves the exact quality of the goods they were buying. Such was its popularity that it was made the subject of special commendation in the speech with which the Governor-General closed the House.

Amendment Railroaded through Senate

Any change in a measure so universally approved of should be made only after the most careful consideration, and after consultation with all parties likely to be interested. Yet the Senate amendment was rushed through, in the face of protests from the Leader of the Government and the Leader of the Opposition. Interested manufacturers were given no opportunity of being heard, and when the subject under discussion was surrounded with so many technicalities, it is only fair that this should have been done. A year ago, when the bill was before the Committee of the Senate, the identical point covered in the present amendment came up for discussion. Argument was heard from both sides and the matter was thoroughly threshed out. The vote in favor of the 10 karat standard was almost unanimous. Why reverse their decision without consulting the framers of the legislation?

Summary

1. More than nine-tenths of the jewellery trade in Canada is opposed to any lowering of our gold standard. Petitions to this effect have been presented to the House of Commons from representative dealers in Montreal, Toronto, Hamilton, London, Guelph, Belleville, Oshawa, Port Hope, Cobourg and other places.
2. Nine karat gold will tarnish. It looks cheap. Canada does not wish to be known as a poor man's country.
3. It is preposterous to forbid Canadians to manufacture an article which can be lawfully imported.
4. Canadian gold goods cannot be sold in England, but every variety of English gold goods except one can be sold in Canada.
5. English manufacturers admit they can meet the requirements of our present Act. It works them no injustice.
6. Even should Goldsmith's Hall refuse to allow a 10 karat Hall-mark, which is not at all likely, the Canadian dealer wishing to import can have his registered trade mark, as well as the other markings required by the Act, applied in the English factory.
7. The amendment would reduce the protection on low-grade gold goods by $7\frac{1}{2}$ per cent.



